

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 23 – HB 1029

April 8, 2013

SUMMARY OF ORIGINAL BILL: Creates a new specialty earmarked license plate for the Southern Leopard Frog (*Lithobates sphenoccephalus*).

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$4,300/General Fund/One-Time/FY13-14

\$15,300/Wildlife Resources Fund/FY13-14

\$12,300/Tennessee Arts Commission/FY13-14

\$3,100/Highway Fund/FY13-14

\$17,500/Wildlife Resources Fund/FY14-15 and Subsequent Years

\$14,000/Tennessee Arts Commission/FY14-15 and Subsequent Years

\$3,500/Highway Fund/FY13-14 and Subsequent Years

Increase State Expenditures - \$4,300/General Fund/One-Time/FY13-14

SUMMARY OF AMENDMENTS (004834, 006517): Amendment 004834 deletes the original bill following the caption and substitutes with language that authorizes the issuance of a variety of new license plates, extensions to meet issuance requirements for several license plates, and the authorization to add spouses or widows of certain plate holders. Amendment 006517 extends the time issuance period for the Historic Collierville new specialty earmarked license plate until one year following the effective date of the bill as amended, or July 1, 2014, whichever is later.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - \$84,100/General Fund/One-Time/FY13-14

\$307,900/Specialty Plate Organizations/FY13-14

\$246,000/Tennessee Arts Commission/FY13-14

\$62,000/Highway Fund/FY13-14

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Increase State Revenue – continued -

**\$350,000/Specialty Plate Organizations/FY14-15 and
Subsequent Years**

**\$280,000/Tennessee Arts Commission/FY14-15 and
Subsequent Years**

\$70,000/Highway Fund/FY14-15 and Subsequent Years

Increase State Expenditures - \$87,200/General Fund/One-Time/FY13-14

Assumptions for the bill as amended:

- Revenue (1,000 plates at \$35.00 each).
- A production cost of \$4.25 per plate.
- Expenditures per plate for production cost are \$4,250 (Production cost 1,000 plates @ \$4.25 each = \$4,250 one-time).
- Pursuant to Tenn. Code Ann. § 55-4-201 (h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- Net proceeds from the sale of certain plates will be as follows: 50 percent to the Specialty Plate Organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.
- It is assumed that there will be 10 new plates issued, 8 extensions on the time frame for issuance, and the addition of spouse or widow eligibility to several plates.
- It is assumed that 500 new plates will be issued for free. As a result, expenditures from the General Fund for FY13-14 exceed the revenue to the General Fund for FY13-14 by \$3,100 (\$82,900 - \$79,800).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/rnc